Policy Title: Collections

Policy Number BO-111.00

Effective Date: July 1, 2012 **Revised Date:** October 30, 2025

Policy:

The facility's Business Office Director (BOD) is responsible for the collection of the patient accounts and identifying/resolving any obstacles in the collection process. Business Office staff shall actively pursue payment from third party payors on all outstanding account balances. Collection efforts will continue until an account balance is zero by means of payment or the appropriate adjustment. All collection activity pertaining to patients and third parties will be conducted timely as well as accurately documented in the patient accounting system. Pursuant to the policy, information obtained from income tax returns, paystubs, or the monetary asset documentation collected for the purposes of determining discount or charity care eligibility will not be used for collection activities.

Procedures:

Accounts are assigned to the Business Office staff alphabetically and/or by Financial Class (FC). All Biller/Collectors are cross trained as backup for all payors when needed. Each Biller/Collector

is required to work 35 to 45 accounts per day depending on the facility's payor mix and levels of care. All collection activity for all accounts should be clearly documented on the patient's account within the patient accounting system. This documentation should include, at a minimum, the following:

- ✓ Collector's name
- ✓ Date of Activity
- ✓ Name and phone number of person contacted
- ✓ Current status of the claim
- ✓ Summary of actions, discussions, resolutions, due dates, etc.
- ✓ Any check numbers and check dates, if applicable

Biller/Collectors should work all remittances and correspondence on a daily basis within 72 hours of receipt to ensure accounts are paid correctly. All contractual adjustments should be completed in accordance with policy **BO-109.00 Contractual and Patient Account Adjustments.** All Administrative, Charity and Denial Adjustments should be completed and processed by the BOD in accordance with policy **ACC-115.00 Administrative, Denial, and Charity Adjustments.**

All denials are to be accounted for by logging and tracking them in the patient accounting system. All denials should be handled in accordance with policy **BO-112.00 Denial Review.** Accounts in an appeal status shall have follow up no later than every twenty eight (28) days. Facilities may choose to use internal and/or external resources in appealing denials regardless of the level of appeal.

Policy Number: BO-111.00 Collections/AR Review

Patient complaints should be forwarded to the Business Office Director for review. BOD will review complaint with the facility CFO/CEO for the validity of any issue reported and work to

resolve immediately.

Returned refunds and mail items will be followed up on within 10 business days of receipt. When bankruptcy notifications are received, Biller/Collector will do the process in policy **BO-114.00 Notification of Bankruptcy.**

For all accounts due by third party payors, the Business Office must confirm that the payor received the claim within 14 days of submission for paper claims and 7 to 10 days for electronic submissions.

- Collection efforts for these billed claims should take place every 14 days or more often as circumstances or payor practices may require.
- Subsequent follow up will occur no later than every 14 days, on average, until the expected payment amount is received.
- These minimum standards should be guided by the facility's service levels and payor philosophy.
- A follow up tickler system should be used to track the date of the next scheduled follow up and to notify the collector of such date.

For all self-pay/private pay accounts, the Business Office will send monthly statements and utilize an early out preferred vendor. Accounts are placed and returned through an automated process which must be reconciled by the Business Office Director on a monthly basis. The placement process goes as follows:

- Self-Pay accounts (FC = S) are placed with vendor 5 days post discharge.
- Self -Pay after Insurance/Medicare (FC =SI and SM) are placed with vendor once the accounts have been placed in these financial classes.
    - S and SI changes to F4 - returns are placed into R4

- SM changes to F7 - returns are placed into R7

- Financial Classes - SR, ST, SC and SX are not a part of the automated process.
- Accounts are returned from the early out vendor within 120 days.
- The accounts in R4/R7 will need to be reviewed for collection agency placement. Once the early out vendor's efforts are exhausted, the accounts will be placed with agency in accordance with policy **BO-113.00 Bad Debt Write Offs.**

AR Meeting/Review

In order to identify/resolve obstacles to the collections of patient accounts receivables (AR), it is recommended that the BOD/CFO have regularly scheduled AR meetings involving key departments such as Admissions and Utilization Management as well as the Biller/Collectors. **Attachment A - AR Meeting Minutes** provides a recommended guideline for the content of such a meeting. These meetings should be held weekly with the frequency being modified dependent upon the ability of the facility to meet their key metrics such as Cash Collections, AR Days and Bad Debt Expense.

The AR Review process should be a part of the standard Business Office practice. A Summary Aging report from the patient accounting system should be tracked monthly to identify unfavorable trends. System generated payor specific work lists should be used as an efficient tool to address multiple accounts with payors. High dollar accounts and accounts aged over 60 days should be given special priority and worked with greater urgency.

Each weekly AR Meeting should focus on accounts/payor issues affecting cash collections and bad debt expense. The BOD should "Know the Bad Debt Roll" which is defined by each facility's individual bad debt policy. A schedule of working aging buckets each week in addition to working current accounts will assist the BOD in knowing what issues are occurring in the patient accounts well before they become bad debt expense.

A recommended schedule for working aging buckets is as follows:

- Week 1/Month End-Accounts over 181 days old and Credit Balances
- Week 2 - Accounts 151-180 days old
- Week 3 - Accounts 121-150 days old
- Week 4 - Accounts 91-120 days old
- Start over with Week 1. If there is a Week 5 then it can be used to redouble your efforts on the significant known payor issues.

The patient accounting system and dashboard reports offer many ways to review the detail of the patient accounts as well as collector productivity. The key is to make use of all the available resources and be proactive in working patient accounts and the related payor issues.

Attachments:

Attachment A- AR Meeting Minutes

Related Policies:

ACC-115.00 Administrative, Denial, and Charity Adjustments

BO-109.0	Contractual and Patient Account Adjustments
BO-112.00	Denial Review
BO-113.00	Bad Debt Write Offs
BO-114.00	Notification of Bankruptcy

Approvals:

Administrative: Signed by: Debbie Kraemer 9A83A3C2A96D4BD... Date 11/2/2025 | 9:46:57 PM CST